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45557 7590 01/26/2009 IBM CORPORATION (JSS) C/O SCHUBERT OSTERRIEDER & NICKELSON PLLC 6013 CANNON MOUNTAIN DRIVE, S14 AUSTIN, TX 78749				
EXAMINER				
JOHNS, CHRISTOPHER C				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/733,838

Applicant(s)

RODRIGUEZ ET AL.

Examiner

Christopher C. Johns

Art Unit

3621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 03 November 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-30 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-30 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/CDC)
- 4) ☐ Interview Summary (PTO-413)
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____
- Paper No(s)/Mail Date _____

DETAILED ACTION

Acknowledgements

1. Claims 1-30 are pending.

Continued Examination Under 37 CFR 1.114

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 3 November 2008 has been entered.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-10 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter.
4. Based on Supreme Court precedent¹ and recent Federal Circuit decisions², a §101 process must (1) be tied to a machine (e.g. a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.³ If neither of these

¹ *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).

² See especially *In re Bilski*, 88 USPQ2d 1385 (Fed. Cir. 2008) (*en banc*).

³ The Supreme Court recognized that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972).

requirements is met by the claim(s), the method is not a patent eligible process under 35 U.S.C. §101.

5. In this particular case, independent claim 1 does not tie to a particular apparatus or machine (only using a "personal identification number"), nor does it transform underlying statutory subject matter.

6. Claims 11-18 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter.

7. A computer program is not a statutory class of subject matter. The "apparatus" in independent claim 11 could be implemented using software alone. See MPEP §2106.01.

8. Claims 19-30 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter.

9. The Examiner notes that the "medium" is "machine-accessible". It is noted that by using a scanner or a camera, any object (such as a book or piece of paper) can be made "machine-accessible". In their broadest reasonable interpretation, such "machine-accessible" items could consist entirely of printed matter.

10. The Examiner recommends changing independent claims 19 and 25 from "machine-accessible" to "machine-readable medium containing machine-readable (or executable) instructions".

- a. See, for example, United States Patent 5,710,578 (Beauregard et al), where the claims involve a "computer usable medium having computer readable program code".

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. §102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

11. Claims 1-12, 14-18, and 30 are rejected under 35 U.S.C. §102(b) as being anticipated by United States Patent Application Publication 2002/0174334 ("Meadow").
12. As per claims 1-12, 14-18, and 30, Meadow teaches:
13. providing a purchaser with an encoded personal identification number (figures 2a, 2b), wherein the PIN is generated when the purchaser makes an offer of payment (Meadow incorporates United States Patent 6,170,744 by reference – see '744, Figure 1, reference numbers 110, 120 – the data in 110 is clearly generated at the time of purchase, as the Amount and Payee fields demonstrate) wherein further the PIN enables the purchaser to make an electronic transaction of web commerce over the Internet (anything that does not explicitly prevent the usage of the PIN can be said to "enable" its usage);
14. receiving the encoded PIN in response to the offer of payment by the purchaser to a merchant with a check, by a bank associated with the check, wherein the bank is to decode the encoded PIN (¶0009 – "m-digit customer account number, a p-digit check number, and an r-digit one-way hash value. The r-digit one-way hash value is computed by a one-way hash algorithm that uses the ABA number...");
15. decoding the encoded PIN, comparing the decoded PIN with information associated with the purchaser to authenticate the purchaser (the PIN is contained in the MICR data, see ¶8. In

order for the system in Meadow to understand the PIN, the MICR data must be "decoded" from the MICR format into a digital format that a computer can understand);

16. enabling immediate clearance of the check based on the comparing and the verification of sufficient funds (Applicant admitted in the telephonic interview on 2 October 2008 that the Telecheck system (mentioned in ¶49 of Meadow) that the Telecheck system will occasionally check for sufficient funds; additionally, anything that does not prevent an action can be said to "enable" said action);

17. verify that sufficient funds are available to the purchaser for the transaction, comparator to compare the transaction amount with funds available to the purchaser for the transaction (the old and well-known (to those skilled in the art at the time of the invention) Telecheck system is envisioned as being used in this system, see ¶0049);

18. providing the purchaser with the encoded PIN comprises providing the purchaser with software to generate the encoded PIN, which comprises encrypting a PIN (claim 3 – "a check printer that prints checks based on information provided thereto, the information including a MICR line that includes an ABA number...");

19. providing purchaser with encoded PIN comprises interacting with the purchaser to generate the encoded PIN prior to the transaction ('744, figure 1, reference number 110);

20. receiving transaction information with the encoded PIN, wherein the transaction information comprises a routing number (figure 2b, reference number 110), a bank account number ('744, figure 1, reference number 110), a check number (ibid), and an amount associated with the transaction (ibid);

21. comparing a password embedded in the decoded PIN against a password received from the purchaser for the transaction ('744, figure 1, reference number 110, field "Invoice", as well as other data; additionally, by comparing the hashes in Meadow (§62), all of the data in the hash, including the "private data" (§8) is compared along with it);
22. decrypting the encoded PIN ('744, figure 1, reference number 110, field "Encrypted Data". To be used, encrypted data must inherently be decrypted) to determine the date and time of the generation of the encoded PIN (this is an intended use and therefore carries no patentable weight);
23. decoding the encoded PIN ('744, figure 1, reference number 110; the PIN is contained in the MICR data, see §8. In order for the system in Meadow to understand the PIN, the MICR data must be "decoded" from the MICR format into a digital format that a computer can understand);
24. encoded PIN comprises using the facts of the offer to encode the PIN ('744, figure 1, reference number 110).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. §103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

25. Claims 13 and 29 are rejected under 35 U.S.C. §103(a) as being unpatentable over Meadow in view of Official Notice.

26. As per claim 13, Meadow does not explicitly disclose that the PIN module comprises a shopping cart plug-in. The Examiner takes Official Notice that shopping cart plug-ins were old and well-known in the art because they allow for a compilation of functionality into the same program. Making it more convenient to access shopping functionality is a clear advantage to software users because of the associated convenience.

27. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify Meadow to contain a shopping cart plug-in module, because it would create a more convenient system with which to shop online. A person having ordinary skill in the art would see this as advantageous because the convergence of the payment and product selection paradigms commonly used in online shopping would make the system more convenient and easier to use.

28. As per claim 29, Meadow does not explicitly disclose that one of the facts comprise an expiration time. The Examiner takes Official Notice that check expiration times were old and well-known in the art because it allowed check issuers to get a better handle of finances, by expiring checks that are "stale". As this information is always printed on the check (using something like "Void after 60 days"), it would likely be communicated in any question of validity, as it is information that relates to the "validity of [the] check" (§7) and verifying that the check is still valid would make the system more reliable.

29. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify Meadow to use expiration times, as it would create a system that was easier to verify whether checks were valid. A person having ordinary skill in the art would understand

this to be advantageous because it would create a more reliable system, by not accepting expired checks.

30. Claims 1-12, 14-28, and 30 are rejected under 35 U.S.C. §103(a) as being unpatentable over Meadow in view of United States Patent 6,170,744 ("Lee").

31. Claims 13 and 29 are rejected under 35 U.S.C. §103(a) as being unpatentable over Meadow in view Official Notice, further in view of Lee.

32. It is the examiner's primary position that the claims are anticipated because the above-mentioned features (i.e. "wherein the PIN is generated when the purchaser makes and offer of payment", "decoding the encoded PIN", "encoded PIN comprises using the facts of the offer to encode the PIN", "decrypting the encrypted PIN", "comparing a password embedded in the decoded PIN against a password received from the purchaser for the transaction", "receiving transaction information with the encoded PIN, wherein the transaction information comprises...a bank account number, a check number, and an amount associated with the transaction", "providing purchaser with encoded PIN comprises interacting with the purchaser to generate the encoded PIN prior to the transaction") are inherent in Meadow, due to the "incorporation by reference" of Lee (§4 of Meadow)). However, if an administrative body finds that these elements are not inherent in either document and/or that the incorporation-by-reference is improper, then Lee teaches the above features to provide for a more secure system – "self-authenticating negotiable documents, such as checks...to ensure the integrity and authenticity of the negotiable documents" (column 1, lines 5-15), using an assortment of security features and document printings; note especially those detailed in figure 1.

33. Therefore, it would have been obvious to a person having ordinary skill in the art to include in Meadow the check-based security features (e.g. printing the check amount on the check at the time of purchase) as taught by Lee, since the claimed invention is merely a combination of old elements, and in the combination, each element merely would have performed the same function as it did separately. A person having ordinary skill in the art would have recognized that the results of the combination were predictable and advantageous, because they would enhance the security behind the check system in Meadow.

Response to Arguments

34. Applicants' arguments filed 3 November 2008 have been fully considered but they are not persuasive.

35. For starters, Applicants' arguments with respect to the claims (especially pages 12-15) generally have been considered but are moot in view of the new ground of rejection. They appear to argue limitations that were not previously in the claims – as they have been fully addressed in this Office Action, the arguments are overcome.

36. As for Applicants' arguments concerning the "incorporation by reference" of United States Patent 6,170,744 (Lee), the Examiner disagrees. Applicants have cited *In re [de] Seversky*⁴, noting that *de Seversky* says that "incorporation by reference requires a statement 'clearly identifying the subject matter which is incorporated'". The Examiner is in full agreement with this statement, but only as it applies to the situation in *de Seversky*. Reading the portions preceding and following that quotation shows the true meaning behind *de Seversky*, which

⁴ 474 F.2d 61, 674, 177 USPQ 144 (Cust. & Pat. App. 1973).

concerned a question of patent priority⁵. The Examiner agrees that in a situation where priority is in question, then the issue of whether an element is actually contained in the document is an important question to answer, because the question in priority is whether the inventor possessed the exact invention, while the question in anticipation is whether an inventor possessed the exact invention.

37. As Applicants themselves note⁶, incorporation by reference makes it clear that material from another case is effectively part of the host document, even though it is not explicitly and word-for-word contained in the host document. Meadow incorporates Lee as a way of illustrating the prior art. The act of giving a person, having ordinary skill in the art, plain notice to see another document (in order to understand the instant document) is hardly confusing or "insufficient".

38. Applicants' citation of *Advanced Display Systems Inc. v Kent State University* is also noted but unconvincing. The quotation pulled from *Advanced* is a poor example of the facts behind the case. Clearly the quotation is a slight embellishment, as otherwise any document lacking "four corners" (such as a round piece of paper, or a three-dimensional object) would be insufficient as prior art under 35 U.S.C. §102 or §103 in any situation.

39. To sum up the above situation, the incorporation by reference doctrine elucidated by *de Seversky* does not apply in this situation, because this is a question of whether "a person of ordinary skill in the art could practice the invention without undue experimentation", rather than a question of priority under 35 U.S.C. §120.

⁵ 177 USPQ at 146.

Claim Interpretation

40. In accordance with MPEP §2111.01, the Examiner has interpreted the meaning of claim limitations in accordance with their "plain meaning", unless such terms have been defined explicitly in the specification.

41. Independent claims 1, 11, 19, and 25 contain examples of "intended use" statements (e.g. "the PIN enables the purchaser...", "enabling immediate clearance", "a PIN module to provide a purchaser...", "further the offer of payment is for...").

42. The Examiner notes that claim terminology such as "to enable" and "arranged to" are optional elements as they do not specifically note that a certain device is configured in a specified way - they merely note that the device is able to operate in a certain way. Optional or conditional elements do not narrow claims because they can always be omitted. See *In re Johnston*, 435 F.3d 1381, 77 USPQ2d 1788, 1790 (Fed. Cir. 2006) ("As a matter of linguistic precision, optional elements do not narrow the claim because they can always be omitted"), and MPEP §2106 II C, which states "Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation" (emphasis in original text).

43. The Examiner recognizes the following definition of "enable" (Webster's New Basic Dictionary, 2007) - "1. To supply with the means, knowledge, or opportunity. 2. To give legal power to." As a computer provides the "means" to perform *any* task, a computer can be said to "enable" any task.

⁶ Remarks, 3 November 2008, page 9, ¶2, line 6.

Conclusion

44. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- b. United States Patent 7,051,206 (Giest et al).

45. **Examiner's Note:** Although Examiner has cited particular columns, line numbers and figures in the references as applied to the claims above for the convenience of the applicant(s), the specified citations are merely representative of the teaching of the prior art that are applied to specific limitations within the individual claim and other passages and figures may apply as well. It is respectfully requested that the applicant(s), in preparing the response, fully consider the items of evidence in their entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner. Furthermore, it must be noted that the documents cited on any enclosed PTO-892 or PTO-1449 form are cited in their entirety.

46. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Christopher C. Johns whose telephone number is (571)270-3462. The examiner can normally be reached on Monday - Friday, 9 am to 5 pm.

47. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Andrew Fischer can be reached on (571) 272-6779. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

48. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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Examiner
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